

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-07 LAB-04  
NSAE-00 SIL-01 DODE-00 PA-01 USIA-06 PRS-01 SP-02  
TRSE-00 OMB-01 /044 W  
-----250903 039776 /11

R 241600Z FEB 77  
FM AMCONSUL MILAN  
TO SECSTATE WASHDC 2556  
AMMBASSY ROME 6862  
USMISSION EC BRUSSELS

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E.O. 11652: N/A  
TAGS: PFOR, PINR, PINT, IT  
SUBJECT: CABLE FROM MANTUA

REF 76 MILAN 0937

SUMMARY: DEPRESSED ABOUT POLITICAL OUTLOOK, MANTUA IS COMFORTABLE WITH ECONOMIC SITUATION. SOCIALISTS HAVE JUST BROUGHT IN YOUNGER LEADERSHIP. BOTH THEY AND DC ENCOURAGED BY US SUPPORT FOR SOVIET DISSIDENTS AND BY PROSPECTS FOR EUROPEAN PARLIAMENT ELECTIONS. END SUMMARY.

1. DURING VISIT MANTUA FEB. 21 AND 22, CONGEN MET AND SPOKE TO SOME 30 LOCAL LEADERS OF INDUSTRY, AGRICULTURE, GOVERNMENT, TRADE UNIONS, PARTIES, MEMBERS PARLIAMENT, AND PRESS, AS WELL AS VISITED CITY SERVICES CORPORATION. LOCATED MORE THAN TWO HOURS SOUTH EAST OF MILAN, MANTUA IS LARGELY RICH AGRICULTURAL CENTER OF ABOUT 60,000. LONG GOVERNED BY PSI, PRESENT CITY GOVERNMENT IS PSI-PCI COALITION WHICH SUCCEEDED DC-PSI COALITION IN 1974. DURING JUNE 76 ELECTIONS, DC RECOVERED SHARPLY COMPARED 1975 AND UP 1 POINT OVER 1972, TO 34.4 PERCENT. SOCIALISTS  
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DROPPED 3 POINTS FROM '75 AND ALMOST ONE FROM 72 TO 14.3 PERCENT. COMMUNISTS ROSE TO 39.2 PERCENT, UP 1.2 POINTS FROM 1975 AND 5.8 PINTS FROM 1972.

2. EASIEST ASPECT OF MANTUA SCENE TO REPORT IS ECONOMIC WELL-BEING. EXCEPT FOR COMMUNIST PRESIDENT OF PROVINCE WHO COULD SEE ONLY DETERIORATING ECONOMY, OTHERS DESCRIBE SITUATION

AS GOOD TO EXCELLENT. FARMERS IN PARTICULAR HAVE HAD UNEXPECTEDLY GOOD YEAR. INDUSTRIAL LEADERS AND TRADE UNIONISTS AGREED THAT THERE WAS WORK FOR ANY WILLING APPLICANT. CASSA D'INTEGRAZIONE ALMOST NONEXISTENT. LABOR NEEDED IN INDUSTRY NOT LOCALLY AVAILABLE AND FARM WORKERS EQUALLY HARD TO SECURE. ORDER BOOKS ARE FULL, PLANTS BUSY AND INVESTMENT PROCEEDING. EVEN MOST PESSIMISTIC OF LOCAL INDUSTRIAL OWNERS SAID HE HAD NO WORRY ABOUT VITALITY OF ITALIAN ECONOMY.

3. POLITICAL SITUATION AND RELATED TRADE UNION QUESTIONS ARE, HOWEVER, SOURCES OF ALMOST UNIVERSAL UNCERTAINTY AND ANXIETY.

4. AGAIN, UNION ISSUES SEEM RELATIVELY MORE MANAGEABLE. ALTHOUGH MANAGERS DISAGREED, PREVALENT VIEW WAS THAT LOCAL UNIONS HAVE TAKEN SHARP TURN TOWARD ACCOMMODATION. LEADERS TALKING OF NEED TO INCREASE PRODUCTIVITY, REDUCE ABSENTEEISM, ALLOW LABOR MOBILITY AND PROFITS. HOW THESE NEW IDEAS WILL BE TRANSLATED INTO BEHAVIOR, STILL OPEN TO QUESTION. BUT EVEN CHANGE OF LANGUAGE TAKEN AS GOOD NEWS.

5. CISL LEADER, MIDDLE AGED AND PERCEPTIVE, REPORTS CGIL RANK AND FILE CAUTIOUS, WORRIED ABOUT JOBS AND CONVINCED SACRIFICES NECESSARY. AND WHILE RELUCTANTLY WILLING SWALLOW CUT IN WAGES, HOWEVER ACCOMPLISHED, WANTS PROGRESS ON REDUCING INFLATION. DANGER OF EXPLOSION WILL COME, HE FELT AS DID SOCIALIST MAYOR, AS WORKERS ARE CAUGHT BETWEEN REDUCED WAGE INCREASES AND CONTINUED INFLATION CAUSING THEM TANGIBLE CUT IN REAL INCOME.

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6. WHILE CISL-UIL-CGIL LEADERS ARE TAKING FAIRLY CAUTIOUS LINE AND EXTREME LEFT HAS LITTLE SUPPORT AMONG RANK AND FILE, TROTSKYIST SNIPING IS CONSTANT CONCERN TO FEDERATION LEADERS WHO HAVE TO COVER THEIR FLANKS WHILE TRYING TO MOVE ON LABOR COST CUTTING.

7. IT IS POLITICAL OUTLOOK THAT DEPRESSES ALL. NONE OF OUR CONTACTS COULD SEE A SATISFACTORY WAY OUT OF PRESENT NATIONAL DILEMMA. THEY FEAR THAT ITALY MAY NOT BE GOVERNABLE WITHOUT PCI ENTRY TO GOVERNMENT, WHICH NONE AMONG NON-COMMUNIST CONTACTS WISHED TO RISK. AT LOCAL LEVEL PFI-PCI GOVERNMENT UNABLE TO MAKE BETTER SHOWING THAN PSI-DC PREDECESSOR AND THEY SEEM AS WORKING TO DISADVANTAGE PCI.

8. CHRISTIAN DEMOCRAT LEFT WING (BASE) CONTROLS ORGANIZATION BUT MANTUA LOCAL PARTY HAS HAD TREMENDOUS INFUSION NEW BLOOD. TWO THIRDS OF PROVINCIAL COMMITTEE ARE NEW. ONE OF TWO SENATORS NEW (YOUNGEST IN SENATE) AND SINGLE DEPUTY ALSO NEW (THIRD YOUNGEST IN CHAMBER). YOUNG PROVINCIAL SECRETARY AND NEW

MEMBERS PARLIAMENT CONVINCED DC CANNOT HOPE REACH MAJORITY IN NEW ELECTIONS AND CANNOT EXPECT PSI RETURN TO ALLIANCE. ALL THEIR EFFORTS RE-BUILD TIES WITH PSI SO FAR FRUITLESS. AT BEST THEY CAN IMAGINE DC-PSI GOVERNMENT WITH PCI EXTERNAL SUPPORT AND THIS, INFACT, THEY NOW EXPECT.

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NSAE-00 SIL-01 DODE-00 PA-01 USIA-06 PRS-01 SP-02  
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-----250903 039864 /11

R 241600Z FEB 77  
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9. SOCIALISTS HAD JUST WOUND UP CUSTOMARILY WILD CONVENTION THAT, AS IN OTHER AREAS OF LOMBARDY, TURNED OUT OLDER LEADERSHIP EN MASSE. OVERWHELMING WINNERS WERE YOUNGER MILITANTS, BACKERS OF CRAXI AND OF AUTONOMIST LINE - INDEPENDENT OF BOTH PCI AND DC. OUTGOING SECRETARY, LIKELY TO BE RETURNED TO OFFICE, IS YOUNG, ANTI-SOVIET FORMER SOVIET RESIDENT, AUTONOMIST, CRAXI SUPPORTER. NEW GENERATION OF LEADERS APPEARS TO BE DETERMINED DIFFERENTIATE PSI FROM PCI ATTACKING IT FOR LACK OF INTERNAL DEMOCRACY AND ACCEPTANCE SOVIET PERSECUTION AS WELL AS FOR MAKING TOO MANY ECONOMIC CONCESSIONS TO MANAGEMENT AND GOVERNMENT.

10. NEITHER SOCIALIST MAYOR, SENATOR OR PARTY SECRETARY VERY SANGUINE ABOUT FUTURE. THEY, OF COURSE, OPPOSE DC-PCI GOVERNMENT BUT EQUALLY DISMISS PCI-PSI MAJORITY IN FORESEEABLE FUTURE DESPITE PARTY RHETORIC. NOR ARE THEY VERY KEEN ON GOVERNMENT OF NATIONAL EMERGENCY SINCE THEY DOUBT PCI COULD BE PRIED OUT OF GOVERNMENT ONCE INCLUDED. SOCIALISTS SAY THEY NEED TIME REBUILD ORGANIZATION AND IMAGE TO OVERCOME ERROS OF PAST PARTY POLICY. THEY RECOGNIZE, HOWEVER, THAT WORLD WILL NOT STAND STILL. NEW ELECTIONS WOULD, THEY BELIEVE, HURT THEM FURTHER. PROBLEM IS HOW TO BRING RANK AND FILE INTO CLEAR COMPETITION WITH

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COMMUNISTS.

11. ONLY BRIGHT SPOTS ON DARK POLITICAL HORIZON WERE PRESIDENT CARTER'S SUPPORT FOR SOVIET DISSIDENTS AND UP-COMING EUROPEAN PARLIAMENT ELECTIONS.

12. SOCIALIST PARTY LEADERS AS WELL AS DC WARMLY APPROVED PRESIDENT'S LETTER TO SAKHEROV AND SIMILAR MOVES. THEY WERE

ENTHUSIASTIC THAT U.S. MIGHT RENEW ITS TRADITIONAL CHAMPIONSHIP FOR HUMAN RIGHTS, A POSITION THAT WOULD RALLY ITALIAN DEMOCRATIC ELECTORATE, THEY SAID. LEADERS BOTH PARTIES SAID U.S. POSITION WOULD INTENSIFY PRESSURE ON PCI AND HEIGHTEN PCI-SOVIET CONFLICT TO BENEFIT PSI. NEITHER THEY NOR INDUSTRIAL LEADERS FEARED FOR DETENTE WHICH, THEY ARGUED, U.S. SHOULD PUSH IN PARALLEL.

13. SIMILARLY, EUROPEAN PARLIAMENT ELECTIONS ARE UPPER LEVEL OF CONSCIOUSNESS ALL LOCAL LEADERS. REMARKABLE SUPPORT GIVEN ELECTIONS AND MUCH HOPE THEY WOULD HASTEN PROCESS EUROPEAN UNIFICATION WHICH SEEN BY NEARLY ALL AS BEST, PERHAPS ONLY, LONG-TERM GUARANTEE ITALIAN DEMOCRACY. SOCIALISTS AND DC'S LOOK TO ELECTIONS AS STRENGTHENING PSI THROUGH ASSOCIATION WITH MORE POWERFUL AND ANTI-COMMUNISTS SOCIALIST PARTIES ELSEWHERE IN COMMUNITIES. EVEN FARMERS UNION LEADER, WHILE DEPLORING EFFECT CAP ON LOCAL AGRICULTURE, UNHESITATINGLY, SAID SACRIFICE JUSTIFIED TO ACHIEVE EUROPEAN UNITY.

14. VISIT TO CITY SERVICES CORPORATION FACILITIES REVEALED SMOOTHLY FUNCTIONING OPERATION BUSY BUILDING FIRST SEWERAGE DISPOSAL PLANT, TURNING GARBAGE INTO COMPOST AND, FOLLOWING MORE IMPRESSIVE BRESCIA, SETTING UP CENTRAL CITY HEATING PLANT TO BEGIN SERVICE WINTER 77-78.

15. MAIN PROBLEM IN MANTUA IS, THUS, NOT LOCAL BUT PROFOUND CONCERN ABOUT NATIONAL POLITICAL FUTURE.FINA

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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009